Joint Committee on Taxation
July 29, 1983
JCX - 22-83

Description of S. 1167[1]

Senators Durenberger, Kassebaum, Cranston, Kasten, DeConcini, and Heinz

Charitable Expense Deduction for Use of Motor Vehicle

Present Law

Individual taxpayers who itemize their deductions may deduct charitable contributions made to qualified organizations, subject to certain limitations (Code sec. 170(a)).

Individuals who do not itemize deductions may also deduct charitable contributions, subject to limitations (sec. 170(i)). For 1982 and 1983, the deduction is limited to 25 percent of the first $100 of contributions, or a maximum deduction of $25. For 1984, the contribution limit is raised to $300, or a maximum deduction of $75. For 1985, the deduction is allowed for 50 percent of contributions, with no dollar limit, and for 1986 the deduction is allowed for 100 percent of contributions (subject to the general limitations). This provision expires after 1986.

Under present law, a taxpayer may deduct unreimbursed out-of-pocket expenses incurred incident to the rendition of services provided to a charitable organization, such as fuel costs for a vehicle (Treas. Reg. sec. 1.170A-1(g)). In determining the amount of the contribution deduction attributable to the operation of a vehicle, the taxpayer may deduct actual expenses or, instead, may use a standard rate. As most recently established, this rate is nine cents a mile.[2] Under either computation method, the taxpayer may also deduct parking fees and tolls, but may not deduct general repair or maintenance expenses, depreciation, or insurance.

---

[1] The Senate Finance Subcommittee on Taxation and Debt Management has added S. 1167 to the list of bills previously scheduled for a public hearing on August 1, 1983. The other bills scheduled for the hearing (S. 1600, S. 1579, S. 108, S. 1464, and S. 1549) are described in the Joint Committee staff pamphlet dated July 29, 1983 (JCS-37-83).

[2] This rate was established in a revenue procedure issued by the Internal Revenue Service (Rev. Proc. 82-61, 1982-2 C.B. 849).

J862-64

Explanation of the Bill

Under the bill, taxpayers would determine the amount of their charitable contribution deduction for the use of a motor vehicle under the same mileage rate that government employees use to determine reimbursement for use of their vehicles on government business (presently, 20.5 cents a mile for the use of an automobile).[3]

The provisions of the bill would apply to the use of a motor vehicle after the date of enactment.

---

[3] This rate was determined by the Government Services Administration pursuant to 5 U.S.C. sec. 5704 (48 Fed. Reg. 27216 (June 13, 1983).